YOU'LL FIND QUALITY IN OUR CORNER

NABISCO

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NABISCO, INC.

1972 ANNUAL REPORT

TABLE OF CONTENTS

Financial Highlights .... Inside Front Cover

Letter to Shareholders 1

Directors and Officers 4

Management 7

Package Design 9

International Products 9

Productivity 10

New Product Introductions 12

Consumer Information 12

Financial Review 13

Statement of Income and Retained Earnings 17

Balance Sheet 18

Statement of Changes in Financial Position 19

Statement of Capital Stock and Additional Paid-In Capital 20

Statement of Accounting Policies 20

Notes to Financial Statements 21

Report of Auditors 22

Five Year Financial Summary 23

Major U.S. Plants and International Operations 24

NOTICE OF ANNUAL MEETING

The annual meeting of shareholders will be held at 10:00 a.m. on Tuesday, May 1, 1973, in the Crystal Room of The Beverly Hills Hotel, 9641 Sunset Boulevard, Beverly Hills, California.

NABISCO, INC.
and Consolidated Subsidiaries

Financial Highlights	**1972**	1971
Net sales	**$1,214,900,000**	$1,070,400,000
Income from operations	**117,600,000**	110,700,000
Net income	**54,400,000**	49,900,000
Net income per dollar of sales	**4.5 cents**	4.7 cents
Net income per common share	**3.60**	3.31
Dividends declared per common share	**2.225**	2.20
Dividends declared	**33,500,000**	30,600,000
Capital expenditures	**58,400,000**	34,400,000
Working capital	**159,500,000**	172,900,000

NABISCO
N BISCO, INC.
425 PARK AVENUE, NEW YORK, N.Y. 10022

To Nabisco Shareholders:

We are pleased to report that 1972 was a successful year for Nabisco. New record highs were established in sales and earnings. Sales reached a total of $1.21 billion, a gain of 14 per cent over last year's record total. Net earnings increased to $54.4 million, up nine per cent over 1971. Earnings per share equalled $3.60, compared to $3.31 last year.

The substantial progress made during 1972 reflects the strong and continuing consumer loyalty to, and preference for, Nabisco products around the world. Our on-going program for growth and diversification has resulted in an expanding list of products and a steady broadening of the company's base. Entry into the toys and games industry, and subsequently into pharmaceuticals and men's toiletries, has expanded Nabisco from being solely a food manufacturer to a more diversified consumer goods company. We are now significantly engaged in 10 major product categories, each of which is a world-wide, multi-billion-dollar market. This has provided us with added strength and potential for future growth.

Starting in 1960, we have followed a carefully developed program of investment around the world. That program is continuing, as we are constantly reviewing and analyzing new opportunities for Nabisco. We now have complete organizations—manufacturing, selling and distributing—in 16 major world markets. This broad geographical representation adds another important dimension to Nabisco's strength. This development into a multi-national company, combined with an increasing degree of product diversification, provides Nabisco with greatly enhanced capabilities and opportunities.

International operations contributed significantly to overall sales and earnings growth in 1972. Consolidated international sales

reached a total of $352 million, compared to $268 million reported last year. Consolidated net earnings rose to $9.4 million, up from $4.4 million in 1971. Early in 1972, we increased our equity in B. Sprengel & Co., our affiliate in Hannover, West Germany, to a majority interest.

Sales and earnings growth rates were particularly strong in our Canadian and European operations. Canadian sales were up $9 million to a total of approximately $86 million, and European sales were up $60 million to $194 million, including the Sprengel sales of $42 million for the last nine months of 1972. Australasia and Latin America also registered good performances in 1972 with sales of $38 million and $34 million.

The fine performance by our total international operations reflects a continuation of the upward trends evidenced in net sales, earnings, and profit margins in 1971. With the momentum already established and continuing into 1973, and guided by sound and experienced management around the world, we are confident that these operations will continue to reflect growing sales and improving profits.

Operations in the United States produced an increase in sales to new record totals of $863 million. Strong performances were turned in by Aurora Products Corp., Freezer Queen Foods, Inc., and The J. B. Williams Company, Inc., the most recent additions to Nabisco. Already well-known for *Skittle* games, Aurora added *Monday Night Football* and a whole wide world of dolls and the homes in which they live, a circus and several board games, all endorsed by UNICEF. Freezer Queen reached new heights by adding Mini-Meals (entree and vegetable) to its line of frozen meat entrees. J. B. Williams—whose trademarks include *Geritol, Lectric Shave* and *Aqua Velva*—increased sales markedly. Strong marketing plans promise to continue these favorable trends in 1973.

Our domestic cookie and cracker business—the largest single unit of Nabisco, Inc.—had the highest sales in history. This was accomplished under difficult situations in the marketplace due to the visibility of all food as a cost of living item and much resulting consumer activity. Nabisco cookie and cracker products maintained their historic popularity and strong acceptance with the grocery trade and with consumers as attested by increased sales under existing conditions. Aggressive promotional plans are under way in 1973 which should strengthen this trend.

Profits for the Biscuit Division were the second best in history in spite of the adverse influences of wage and price controls and their provisions, causing a lag in ability to recover cost increases. Phase III, now in effect, is an important step away from mandatory wage and price controls. Some inequities still exist. We hope that these will soon be corrected and that, in time, all controls will be eliminated.

During 1972, the pet-food business in the United States continued the growth of the last several years. Nabisco's *Milk-Bone* line has benefited greatly by this strong surge in demand. In some cases, demand has been so strong that certain packs had to be rationed while new production facilities were being brought into operation. These new facilities have been installed, and additional ones are planned for the near future, as this market shows signs of expansion for some time to come.

As indicated in the Financial Highlights, Nabisco's worldwide capital expenditures reached a new high of $58 million. These investments in capital assets reflect the need for added production facilities to meet increased demand for our products, and for better equipment to improve our productivity and reduce product costs. We expect that 1973 capital expenditures will be higher than 1972, as new bakeries in Richmond, Virginia and Paris, France complete construction and begin operation, and several major projects are undertaken. This type of investment spending will continue for some years to come at considerably higher levels than prior years.

In October, 1972, the Board of Directors increased the quarterly dividend to 57½ cents, equivalent to an increase in the annual rate to $2.30 from $2.20 per share. This marked the 12th time in the past 14 years that the company has increased the dividend. Nabisco has paid regular quarterly dividends without interruption since 1899.

A change in the management structure of the company was implemented early in

1972. The Office of the Chairman was established, consisting of the Chairman of the Board, Vice Chairman, President and Executive Vice President. This Office, composed of the four top executives of the company, is responsible for overall corporate policy, planning and direction. This replaced the former structure known as the Executive Department. Group Vice Presidents were also elected, having direct responsibility for most operating units and staff departments. We believe this type of organization provides the kind of effective, flexible and responsive management structure needed by Nabisco for the future.

Dr. Jess H. Davis, President Emeritus of Stevens Institute of Technology and a member of Nabisco's Board of Directors since 1960, died on September 17, 1972. After 40 years of service, Mr. Nile E. Cave, Director and Group Vice President, retired at the end of December,1972. Dr. Davis and Mr. Cave were both highly valued and respected members of the Board, and their wise counsel and many contributions to the progress of Nabisco will be missed.

Previously, at the end of January, 1972, C. Eugene Lair, Senior Vice President, also retired. Mr. Lair joined Nabisco in 1934 and was a member of the Executive Department for nine years.

On January 29, 1973, Robert W. Haack was elected to the Board of Directors. A former President of the New York Stock Exchange and presently a consultant on corporate affairs, Mr. Haack possesses an impressive background and will contribute additional strength and experience to assist Nabisco in its future progress.

There seems to be a serious lack of belief by the American citizens in the leaders of our major institutions. During recent years, there has been a precipitous drop in confidence in such important elements of our society as Banks, Big Companies, Medicine, Education, Organized Religion, Organized Labor, Congress, the Press, Advertising and the Military.

Where confidence is the basic ingredient of all business, it might appear that the very foundations of our country are becoming shaky. There is constant talk of lack of confidence in our goods and services as well as in our leaders. A common word used to describe American products is "shoddy."

At Nabisco, we are making a Commitment to Value. Value of product. Value of service. Value of performance. Value of the individual.

Value of product includes quality, quantity, price, convenience, packaging. Also nutrition, freshness and appearance—safety and purity.

Value of service means high standards of workmanship, completeness of information, promptness of response.

Value of performance means honest effort, dedication, team spirit, full acceptance of responsibility.

Value of the individual means equitable and ethical relationships with others, concern for people without prejudice, respect for the freedom, beliefs and environment of all.

Such a Commitment to Value will, we believe, be effective in building credibility for Nabisco, Inc. and so will help in restoring public confidence in the free, competitive enterprise system.

Such a Commitment to Value is especially appropriate for us in 1973—Nabisco Diamond Jubilee. It was on February 3, 1898 that National Biscuit Company—now Nabisco, Inc. —was founded. For our 75th anniversary we have adopted the diamond device illustrated here and the theme "Global Leadership Today and Tomorrow." Both symbolize this Commitment to Value.

As we conclude this report on 1972 and enter 1973—Nabisco Diamond Jubilee—we find our company stronger, more diversified, more strategically located around the world than ever before. We extend our sincerest thanks to all employees and our directors for their fine help in accomplishing this. The 47,000 Nabisco people everywhere are united in a Commitment to Value. We have every confidence in a strong continuation of progress and growth for Nabisco, Inc.

Lee S. Bickmore, *Chairman*

Robert M. Schaeberle, *President*

BOARD OF DIRECTORS

LAWRENCE A. APPLEY*
Chairman of the Board,
American Management Association, New York

LEE S. BICKMORE*
Chairman of the Board and Chief Executive Officer

BERFORD BRITTAIN, JR.*
Former Senior Vice President,
Continental Illinois National Bank & Trust Company of Chicago, Chicago, Ill.

NILE E. CAVE*
Group Vice President

VAL B. DIEHL*
Executive Vice President

HARRISON F. DUNNING
Former Chairman and Chief Executive Officer,
Scott Paper Company, Philadelphia, Pa.

KENNETH C. FOSTER
President,
The Prudential Insurance Company of America,
Newark, N.J.

CHARLES W. LUBIN
Food Consultant and Investor, Chicago, Ill.

DON G. MITCHELL*
Chairman, Executive Committee,
American Management Association, New York

WILLIAM H. MOORE
Chairman of the Board, Bankers Trust New York Corporation and Bankers Trust Company, New York

MATTHEW B. ROSENHAUS*
Vice Chairman of the Board

ROBERT M. SCHAEBERLE*
President and Chief Operating Officer

PERRY M. SHOEMAKER
Transportation Consultant, Tampa, Florida

JAMES O. WELCH
Trustee and Director of various corporations,
Boston, Mass.

**Member of the Executive Committee*

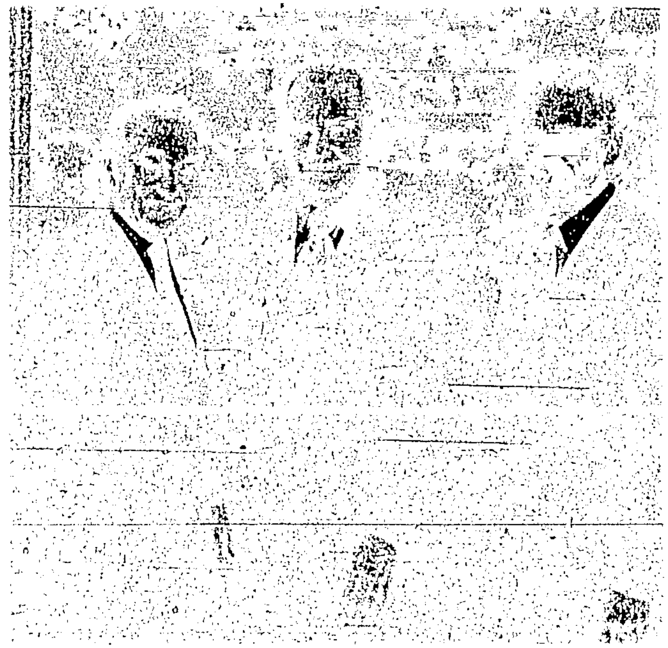
OFFICE OF THE CHAIRMAN

LEE S. BICKMORE
Chairman of the Board
and Chief Executive Officer

MATTHEW B. ROSENHAUS
Vice Chairman of the Board

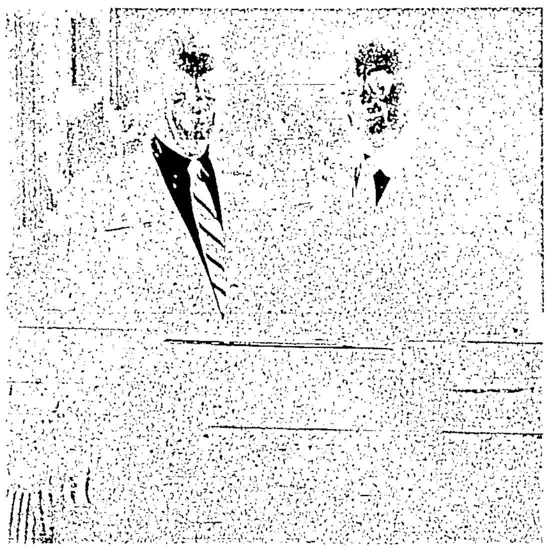
ROBERT M. SCHAEBERLE
President and Chief Operating Officer

VAL B. DIEHL
Executive Vice President

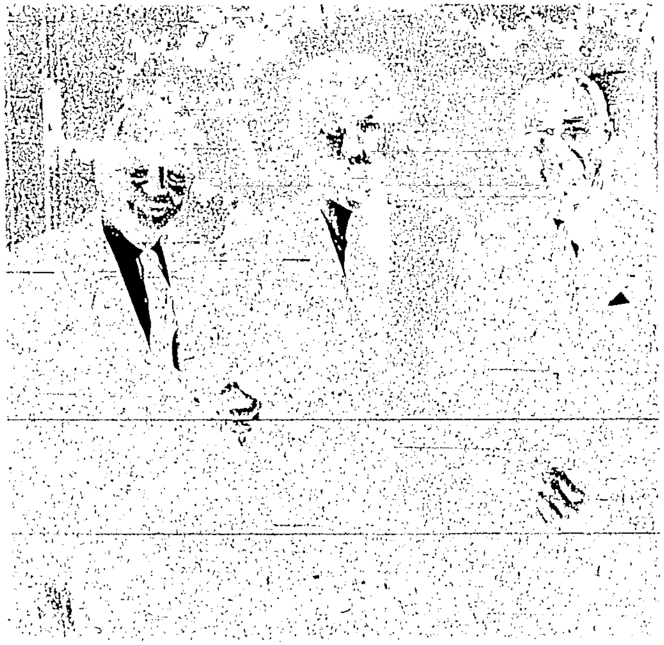


MR. ROSENHAUS MR. BICKMORE MR. FOSTER

MR. BRITTAIN MR. DUNNING



MR. SCHAEBERLE MR. MOORE



MR. SHOEMAKER MR. CAVE MR. WELCH

CORPORATE OFFICERS

NILE E. CAVE
Group Vice President
(Retired December, 1972)

FARISH A. JENKINS
Group Vice President

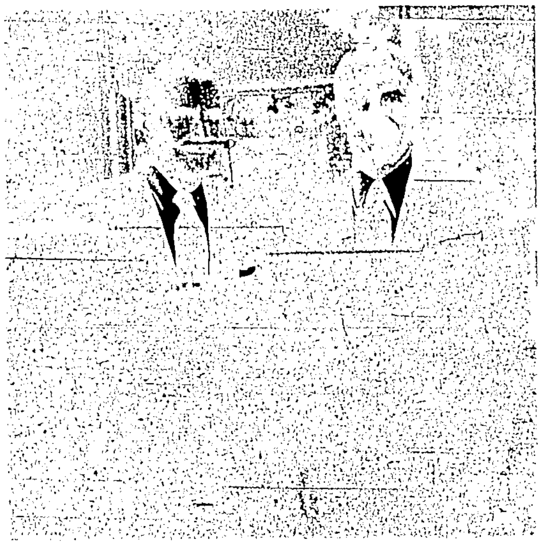
RALPH W. JONES
Group Vice President

CHARLES S. WEBSTER
Group Vice President

EDWARD A. OTOCKA
Senior Vice President

MR. APPLEY MR. LUBIN

MR. MITCHELL MR. DIEHL



CORPORATE VICE PRESIDENTS

DAVID F. BULL, President, Biscuit Division

CHARLES M. DIKER, President, Aurora Products

J. STEWART ENGLISH, Corporate Development

WALTER S. HALLIDAY, JR., General Counsel

HENRY L. HENDERSON, New Products

ROBERT J. JONES, President, Special Products Division

ROY K. KELLEY, Consumer and Community Affairs

JOHN B. McGOVERN, Personnel Relations

FRANK K. MONTGOMERY, JR., Corporate Planning

EDWIN F. MUNDY, Traffic

CARL R. PILZ, Purchasing

THEODORE G. RICHTER, President, International Division

WARREN J. ROBERTSON, Finance

ROBERT L. SANFORD, Operations and Development—Research

HARRY F. SCHROETER, Corporate Marketing and Communications

DWIGHT H. SCOTT, Government Relations

PAUL L. SNYDER, President, Freezer Queen Foods

JAMES O. WELCH, JR., President, Nabisco Confections, Inc.

ROBERT S. GRUCHACZ, Controller

KENNETH M. HATCHER, Secretary

C. RICHARD OWENS, Treasurer

NABISCO, INC.

TABLE OF ORGANIZATION

BOARD OF DIRECTORS

CHAIRMAN (C E O)
L. S. Bickmore

VICE CHAIRMAN OF THE BOARD
M. B. Rosenhaus

OFFICE OF CHAIRMAN
L. S. Bickmore, *Chairman & Chief Executive Officer*
M B Rosenhaus, *Vice Chairman of the Board*
R. M. Schaeberle, *President and Chief Operating Officer*
V B. Diehl, *Executive Vice President*

PRESIDENT (C O O)
R. M Schaeberle

EXECUTIVE VICE PRESIDENT
V. B. Diehl

GROUP VICE PRESIDENT
C. S Webster

- **CORPORATE PLANNING** — F. K. Montgomery, *Vice President*
- **FINANCE** — W J Robertson, *Vice President*
- **PURCHASING** — C. R. Pilz, *Vice President*
- **TRAFFIC & HEAD-QUARTERS RELOCATION** — E F Mundy, *Vice President*
- **SECRETARY** — K. M Hatcher
- **PROTEIN FOODS DIVISION** — J. Markus, *Director*

INTERNATIONAL DIVISION
T. G. Richter, *President**

- **CONSUMER & COMMUNITY AFFAIRS** — R. K. Kelley, *Vice President*
- **GOVERNMENT RELATIONS** — D. H Scott, *Vice President*
- **PERSONNEL RELATIONS** — J B McGovern, *Vice President*

GROUP VICE PRESIDENT
F. A. Jenkins

- **SPECIAL PRODUCTS DIVISION** — R J Jones, *President**

GROUP VICE PRESIDENT
F. A. Jenkins

- **AURORA PRODUCTS CORPORATION** — C. M. Diker, *President**
- **NABISCO CONFECTIONS, INC.** — J. O. Welch, Jr., *President**
- **NEW PRODUCTS** — H. L. Henderson, *Vice President*

GROUP VICE PRESIDENT
R. W. Jones

- **BISCUIT DIVISION** — D. F. Bull, *President**
- **CANADIAN OPERATIONS** — N. M. Brown, *President, Christie, Brown & Company Ltd.*
- **FREEZER QUEEN FOODS, INC.** — P. L. Snyder, *President**
- **FOOD SERVICES DIVISION** — D. H Nevitt, *General Manager*

FACILITIES PLANNING
E. A. Otocka, *Senior Vice President*

- **OPERATIONS & DEVELOPMENT-RESEARCH** — R L. Sanford, *Vice President*

CORPORATE MARKETING & COMMUNICATIONS
H. F. Schroeter, *Vice President*

J. B. WILLIAMS COMPANY, INC.

- **CORPORATE DEVELOPMENT** — J. S. English, *Vice President*
- **LEGAL** — W. S. Halliday, Jr., *Vice President, General Counsel*
- **TECHNICAL ADVISOR—WORLDWIDE** — R. Dallemagne

**Also Vice President, Nabisco, Inc.*

Management

Management at Nabisco starts with the Board of Directors, the Office of the Chairman, and corporate officers whose relationships, as of January 1, 1973, are detailed on the opposite page.

Management extends to many, many levels beyond representation on any single chart. Proper and continuing staffing at all levels is a major responsibility of every corporate officer. Each must be concerned not only with his own successor but with every key position in his unit. Annually, he meets with the Office of the Chairman to discuss these subjects frankly and in depth.

Development of managers and other executives is essential to a basic policy of "promotion from within." Personal contact and counsel are fundamental but broad continuing programs of "self-help" are also maintained. In 1972 internal courses were attended by about 3,000 men and women. Outside seminars and other short-term activities attracted 600. Over 130 attended longer programs under the auspices of the American Management Association and university business schools or similar institutions. At least 300 received tuition aid to participate in college and university courses.

Nabisco's management adheres to the principle of decentralization from a strong corporate base. This is predicated on a structure of profit centers throughout the world, operating under different marketing and economic conditions. Planning for optimum performance is achieved by experienced management, operating within the framework of commonly understood corporate goals and objectives. Corporate management and staff departments assist and counsel.

Corporate management relies upon coordinated preparation and approval of financial plans, continuing communications with profit centers, and prompt reporting to monitor progress toward achievement of objectives. Profit center management is expected to obtain a planned economic return on their investment base.

Recognition of the individual, as well as merit increases, is also a management responsibility. This is done in several ways. One is through employee plans, which are often used to achieve specific objectives. In addition, numerous personal meetings at various management levels are held frequently so that individually determined plans can be meshed with overall company goals.

A highly successful demonstration of recognition is The VIP Program of Biscuit Division. Outstanding non-supervisory sales persons from a force of over 2,500 are invited to attend the division's annual conference of some 600 sales executives and managers. A highlight of the conference is the award of "VIP" blazers illustrated here with Chairman Bickmore making the presentation.

Management Changes

A number of executive changes occurred during 1972.

Matthew B. Rosenhaus, Chairman and Chief Executive Officer of The J. B. Williams Company, was elected Vice Chairman of the Board on January 24. At the same time, President Robert M. Schaeberle was elected Chief Operating Officer of the company.

On January 24, Farish A. Jenkins, Ralph W. Jones and Charles S. Webster were elected to the new positions of Group Vice Presidents. Mr. Jenkins and Mr. Webster formerly were Senior Vice Presidents and Mr. Jones had been a corporate Vice President and President of the Biscuit Division.

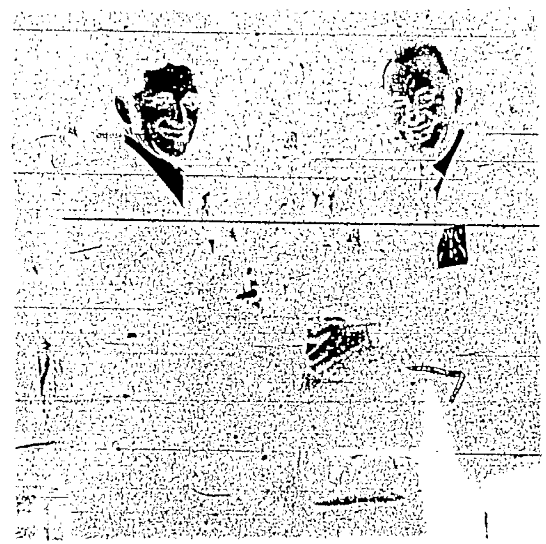
Also, on January 25, David F. Bull was appointed President of the Biscuit Division. Mr. Bull is a corporate Vice President and formerly headed the Special Products Division.

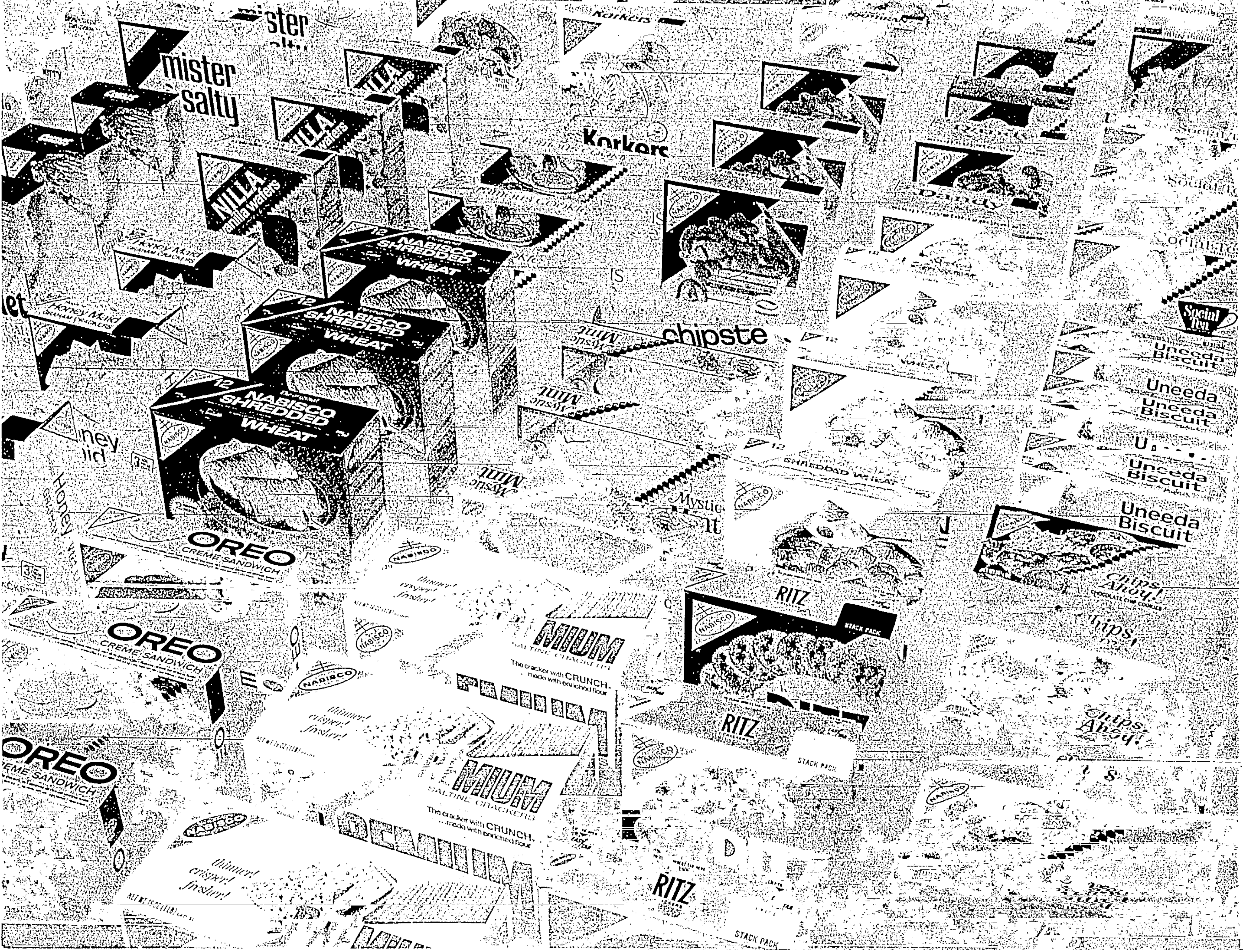
Robert J. Jones succeeded Mr. Bull as President of the Special Products Division. A native of England, Mr. Jones formerly headed Nabisco's cereal operations in Canada.

Charles M. Diker was elected a corporate Vice President on July 24. Mr. Diker is President of Aurora Products Corp., a division of Nabisco, Inc.

On December 18, J. Stewart English, Walter S. Halliday, Jr., Henry L. Henderson and Robert J. Jones were elected corporate Vice Presidents. Mr. English is head of Corporate Development; Mr. Halliday is General Counsel; Mr. Henderson heads the New Products Department, and Mr. Jones is President of the Special Products Division.

Howard W. Wilson, Vice President-New Products, retired on September 1. Mr. Wilson had been with Nabisco 38 years and headed the New Products Department for four years.




mister salty
NILLA vanilla wafers
Korkers
Honey Maid GRAHAM CRACKERS
NABISCO SHREDDED WHEAT
12
Dandy
chipste
Mystic Mint
Social Tea
Uneeda Biscuit
OREO CREME SANDWICH
NABISCO
thinner! crisper! fresher!
MUM SALTINE CRACKERS
The cracker with CRUNCH made with enriched flour
RITZ
STACK PACK
Chips Ahoy!

Package Design

In food stores everywhere, packages are "silent salesmen," attracting the shopper's eye and providing a variety of information. Nabisco's "Red Triangle" trademark has long been quickly recognized and trusted by millions. Now, it has been improved.

Several years of research and experimentation have led us to a "systems design," which provides improved Nabisco identification and adds dramatic elements to each individual package. A white diagonal area surrounds the triangle and offers a distinct contrast to the standard vertical and horizontal emphasis of grocery shelves. The effect of many Nabisco packages in this new "systems design" may be seen on the opposite page. The program will be completed in 1973 for existing products and will be used for new products. It should be particularly valuable for product lines entirely new to Nabisco.

For similar reasons, our associates in other countries are using Nabisco's "Red Triangle" trademark and are also adopting the "systems design," thus increasing consumer recognition and preference. The value of such international recognition increases year by year.

International Products

Many of the international companies now affiliated with Nabisco were long-established firms when they became part of our company. As such, they possessed lines of established products which were very popular with consumers in those countries.

These international associates have, since becoming part of Nabisco, had considerable success with the addition of well-known Nabisco products to their lines. These items, which prove very appealing to consumers in almost every country, have added in no small measure to the sales growth of our international companies.

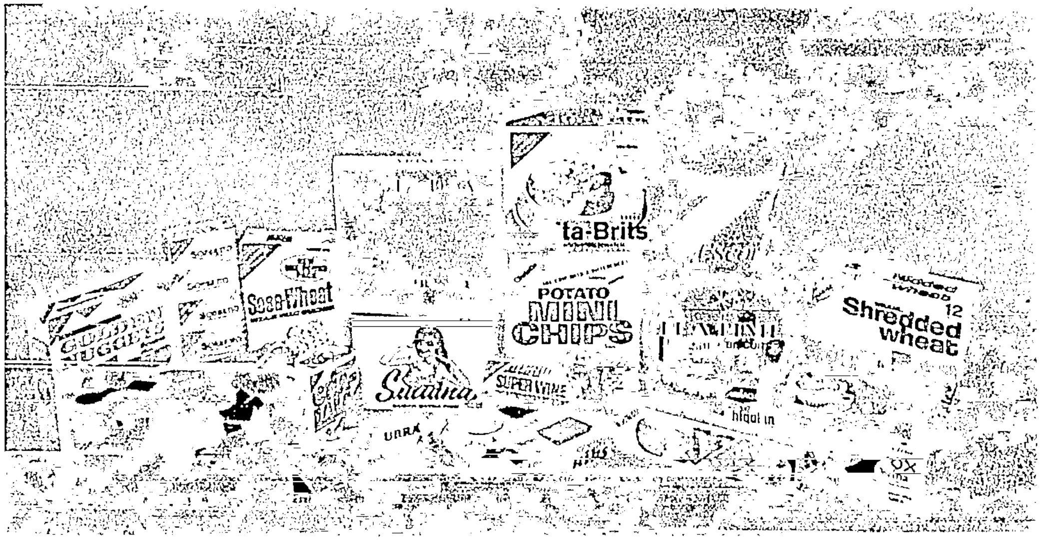
But the inherent strength of the established lines of products remains at the core of these international Nabisco units. Some of these local favorites are shown below. Their popularity in their own countries and their strong identification with the manufacturing unit have been the firm base for expansion into new-product categories.

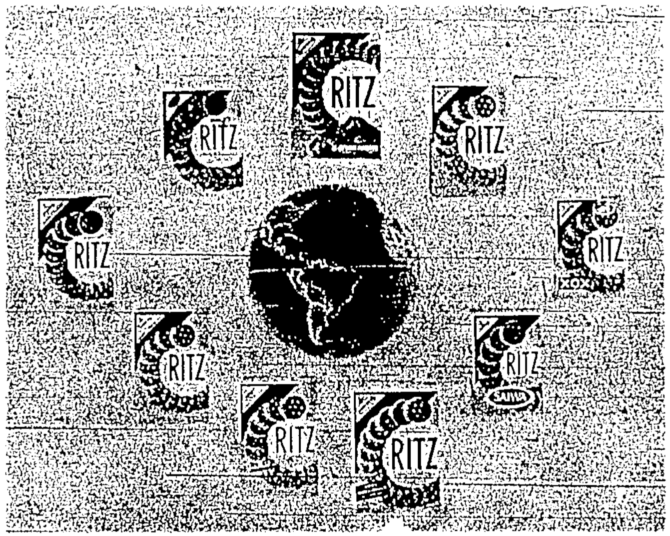
Ritz Around The World

On a global basis, *Ritz* Crackers are the most popular product in the entire Nabisco line.

A favorite in U.S. food stores for nearly 40 years, *Ritz* Crackers are manufactured by Nabisco associate companies in 11 countries abroad: Australia, Canada, England, France, Germany, Italy, Japan, Mexico, Nicaragua, Spain and Venezuela.

The photo on this page shows nine *Ritz* Cracker cartons which already have the new systems package design. The remaining are scheduled to adopt the design in 1973.





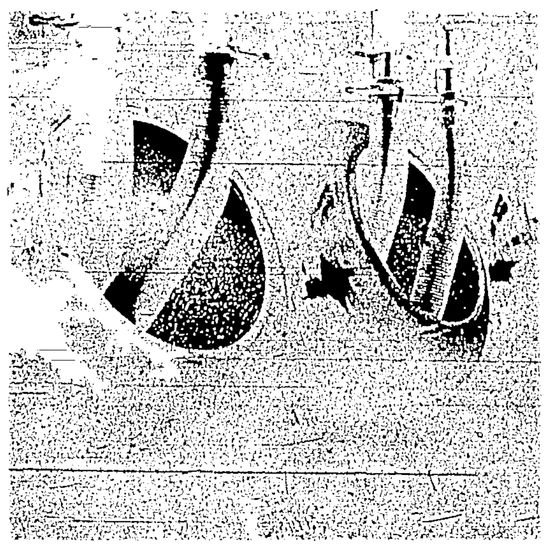
Productivity

Productivity and its resulting improvements are essential to the success of any enterprise. Often, this is thought of only in terms of new plants—such as Nabisco's long-existing program of building new bakeries. However, while these new facilities provide increased output at lower costs, there are also indirect benefits which contribute to increased productivity. Better locations offer ready access to new superhighways for better and faster service to customers. A broader range of facilities adds flexibility to inter-plant production schedules which are now computerized. Similarly, new larger warehouse facilities permit more efficient handling of inventories as well as improved customer service.

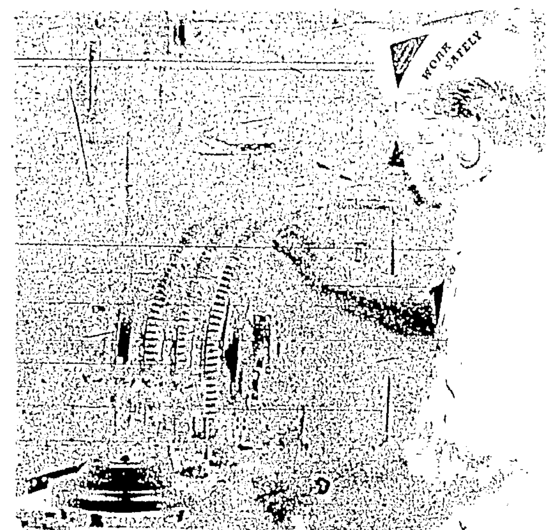
Any improvements in our existing facilities add to productivity. Such improvements may take the form of more efficient work practices on an established production line, or new cutters that perform a mechanical operation with greater speed and less cost, or a more efficient method of preparing and mailing dividend checks to our shareholders. Many other examples from various areas of operations could be cited to show how the cumulative effect of such seemingly unrelated advances in efficiency and productivity are significant in the total operations of the business and to employees themselves.

Constant search is made for new and

A giant steel storage bin, one of 48 and weighing more than 12 tons, is lifted into position at Nabisco's new bakery, now under construction in Richmond, Virginia.



At the J. B. Williams plant in Cranford, New Jersey, *Geritol* Tablets are dehumidified by dual-duct system. One duct pumps in dry air; the other removes excess moisture.



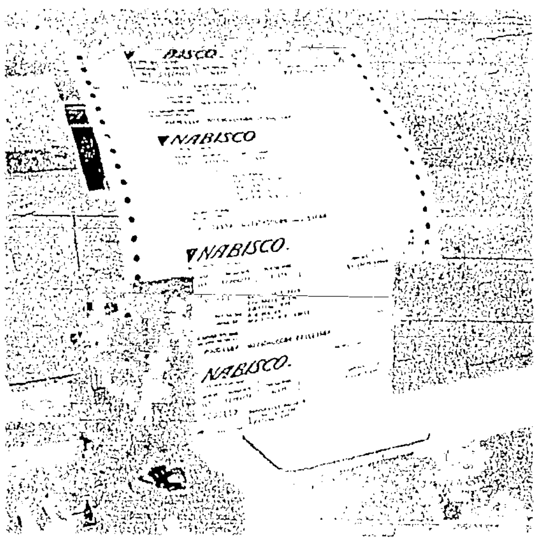
A suggestion for improving the *Nab* packing line at the Atlanta bakery earned a Suggestion Award amounting to $5,000. Suggestion Awards are based on tangible savings.

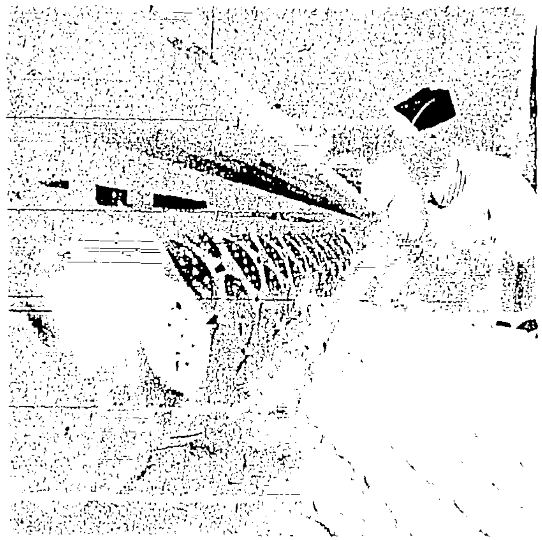
better ways to perform the many different tasks of Nabisco, Inc. This responsibility rests directly with all executives as they are charged to seek out the most efficient methods in their areas of responsibility.

In addition, with a possible award of $5,000, Nabisco's *Suggestion System* encourages all employees to submit ideas on how to improve efficiency and productivity. Awards are based on tangible savings to the company.

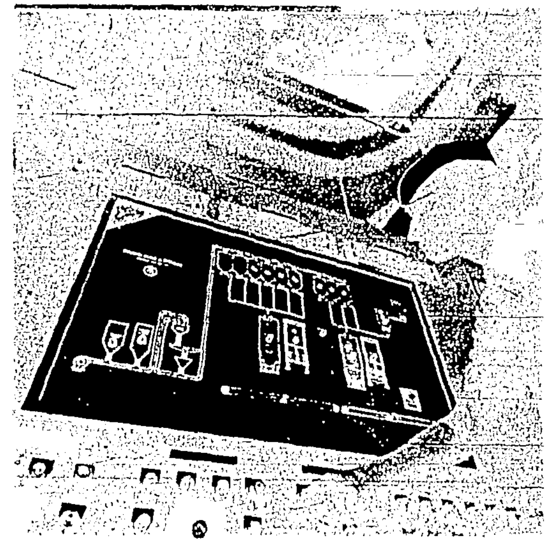
And, at Fair Lawn, New Jersey, the company's Research and Development Center maintains a staff of professionals, who among other assignments, design and construct prototypes of new machines. Exclusive with Nabisco, these machines are then built at the company's machine shop in Evanston, Ill. for use in Nabisco plants around the world.

The computer printer, which speeds Nabisco's shareholder records, prints dividend checks, including date, amount, and name and address.





A new rotary cutter for *Ritz* Crackers improves productivity by reducing maintenance and providing flexibility. New plastic molds are being tested to replace metal ones.



Nabisco has long assembled large-quantity ingredients, such as flour and sugar, by computer. Now, a mini-computer is used to measure out small-quantity ingredients.

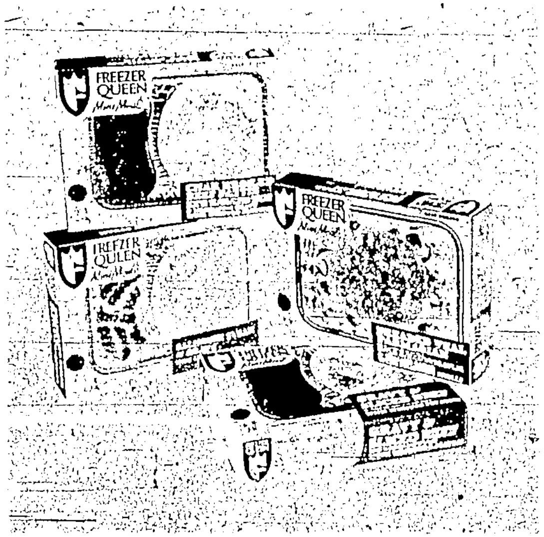
Nabisco's Glastonbury, Connecticut sales branch, now under construction, will be the Biscuit Division's largest sales operation. Situated on 12½ acres, it will have more than 100,000 square feet of floor space and employ 130 people.

New Product Introductions

There is no discernible let-up in the search by today's consumers for products which have attractive new service or convenience features. Each year, Nabisco introduces a number of new cracker, cookie, candy and cereal items to the market, where they undergo actual consumer tests to determine their acceptability.

This new-product activity is just as important to the newer lines of products in the Nabisco family. In the fields of frozen foods and toys and games, the same vigorous competitive conditions exist that Nabisco has long been familiar with in other areas.

Two of the newer Nabisco operations are Freezer Queen Foods, Inc., and the Aurora Products Corp. Both of these companies launched new items during the past year which have experienced fine initial consumer acceptance and hold considerable future promise.



Freezer Queen Foods, a manufacturer of a full line of frozen meat specialty products, introduced a group of meat dishes called Mini-Meals. Packaged in smaller portions, Mini-Meals are intended for the convenience of those persons who wish to eat less than the average frozen-food dinner.

Aurora Products introduced a new line of dolls with interchangeable faces and costumes. The dolls represent children of many races and countries and are distributed under license from the American Committee for UNICEF. Another new item from Aurora, shown above with some of the dolls, is called *"Monday Night Football,"* and bears the picture and endorsement of Roger Staubach, well-known pro-football quarterback.

Consumer Information

The current wave of consumerism has intensified the interest of consumers and shoppers in the nature and performance of the things they buy. Nabisco believes this heightened interest is healthy and beneficial to both consumer and manufacturer.

There are numerous methods of getting information to consumers. Advertising and the printed material on the sides of packages are just two of these. In addition, however, Nabisco has prepared many leaflets and folders, films and records, which are aimed at bringing consumers more detailed information than can be included on packages.

Pictured below are some of these materials. Many are written for use in school classrooms, others for general consumer information. They cover a wide range of subjects, including recipes and serving suggestions for Nabisco products, nutrition, health, diets and the care of family pets.

Financial Review

Results of Operations

Sales in 1972 totaled $1.21 billion, an increase of $145 million or 14 per cent over the all-time high achieved last year. Approximately $67 million of the sales increase is attributable to acquisitions, completed since the beginning of 1971 and accounted for on a purchase basis, and the net revaluation of certain foreign currencies.

Consolidated international sales volume of $352 million increased $84 million over last year and represents 29 per cent of total 1972 corporate volume. In the last five years, consolidated sales volume from this area, including acquisitions and growth from previously owned operations, increased $178 million.

Sales increases were achieved by all major food lines in the broad geographic areas in which Nabisco operates. Increases obtained by The J. B. Williams Company, Inc., a manufacturer of pharmaceuticals and toiletries, and Aurora Products Corp., a leading company in the toy and game industry, also contributed significantly to Nabisco results. Sales levels attained by both companies set all-time highs in 1972.

Until recently, Nabisco has been engaged in the manufacture, processing and sale of food products in the United States, Canada, Latin America, Australasia and in the principal countries of Western Europe. In 1971, the company diversified its product line by acquisition and merger in the toys and games industry and in pharmaceuticals and toiletries. Non-food products represent several of our fastest growing product lines.

To illustrate Nabisco's increasing diversification, cookies and crackers, the company's original product line, now account for approximately 60 per cent of total sales, whereas five years ago this product line represented over 70 per cent of total sales. This lesser reliance on cookie and cracker volume on an overall basis has been achieved despite substantial sales increases recorded by this product line during this period.

Confectionery operations also represent a growing segment of the company's business. Largely through the acquisition of a controlling interest in B. Sprengel & Co., a leading West German candy manufacturer, total revenues from this product line increased almost three-fold in the past five years to close to $90 million.

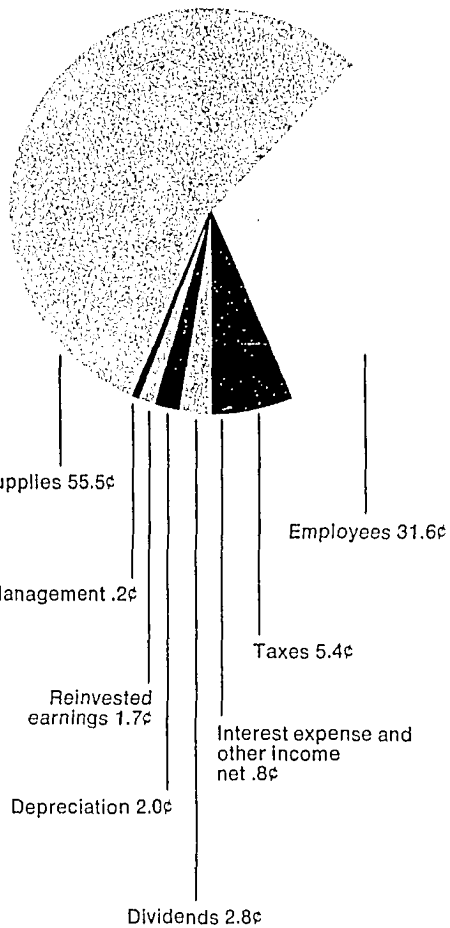
Nabisco's strategy of planned diversification within the overall consumer goods field has resulted in an increasing involvement in 10 major product categories, each of which represents a multi-billion dollar worldwide market. These are: cookies and crackers, snack products, food service, cereals, pet foods, toys and games, frozen foods, candy, proprietary pharmaceuticals, and men's toiletries.

Net Income for the year amounted to $54.4 million, compared to $49.9 million in 1971, an increase of nine per cent from last year's record levels.

Consolidated net income from international operations amounted to $9.4 million, compared to $4.4 million in 1971. This performance reflects expanded market penetration of Nabisco's products and improved efficiencies in production and distribution facilities, stemming from capital expenditures and investment in this area.

Earnings per Share for 1972 were $3.60 based on the weighted average of shares outstanding during the year. This represents a nine per cent increase over earnings of $3.31 in 1971.

How Each Worldwide Nabisco Sales Dollar Was Used



Research and Development expenditures totaled $9.4 million in 1972, an increase of $1.2 million over 1971, and again, a new record for the company.

Construction of a new facility at the Fair Lawn Research Center is planned which will provide commercial-scale equipment for the development of new product prototypes and production procedures as well as for testing and developing new advances in technology leading to increased productivity in the food processing area.

Price Controls—Since the initiation of price controls in the United States in 1971, Nabisco has conformed to the regulations in an effort to contribute to the curbing of inflation which reacts to the ultimate detriment of all. Nabisco has always been concerned about the pricing position of its products in the market and considers a prime objective to be a fair price to the consumer for a quality product.

Price control regulations in the United States during 1972 generally provided for price increases within established guidelines based upon cost increases already incurred. Rapid increases in costs create a time lag during which the company must absorb the full impact of the added expense before it receives authorization to increase selling prices.

Foreign Exchange—Nabisco's policy with respect to foreign exchange is designed to minimize the impact of revaluations and devaluations. Steps are taken to limit exposure through control of funds in certain international areas and forward currency positions are employed where appropriate. Translations of international sales, costs and net income are accomplished through the use of applicable rates of exchange in effect during the period in which the transactions occur, except for depreciation charges where historical rates are used.

Financial Position

The financial position of Nabisco remains strong and is geared to providing resources to meet the needs of expanding operations. Major elements associated with this overall position follow:

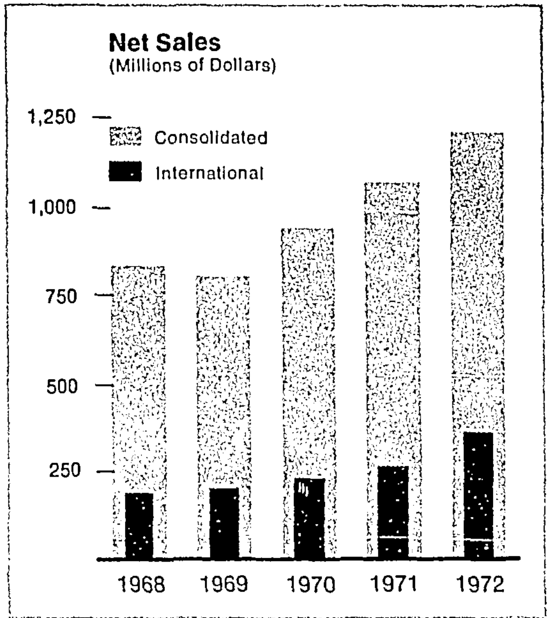
Cash Flow from Operations, representing net income and major items not requiring an outlay of funds, increased to $80 million in 1972 from $75 million in 1971, the previous all-time high.

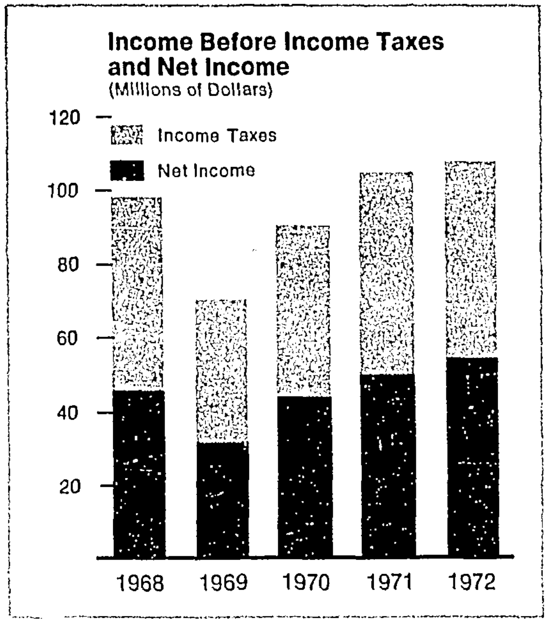
Working Capital, at $160 million, decreased $13 million from last year. The current ratio, representing the relationship of current assets to current liabilities and indicating short-term liquidity, now stands at 2 to 1. The decrease in working capital is largely attributable to our substantially increased capital expenditures in 1972.

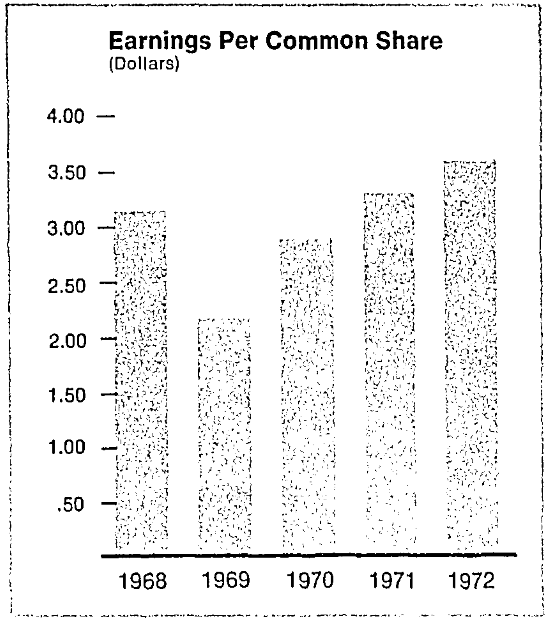
Accounts Receivable totaled $117 million at year-end. The increase over last year is attributable to higher sales, particularly in operations where sales and receivable balances are traditionally higher at year-end.

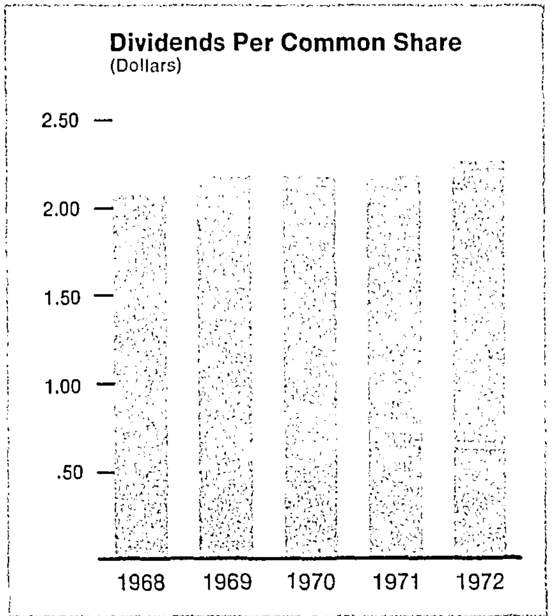
Inventories were $160 million at year-end, an increase of $30 million over last year. Inventory increases are needed for expanding sales volume. In addition, increased inventory balances resulted from higher raw material costs.

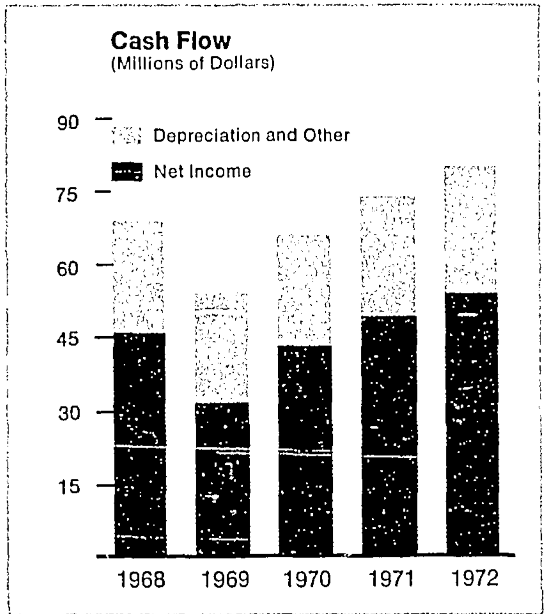
Capital Expenditures amounted to approximately $58 million, a substantial increase over the $34 million in 1971, and continued the program of planned rising capital expenditures around the world. Over the next five years, we expect capital expenditures to approximate $250 million.

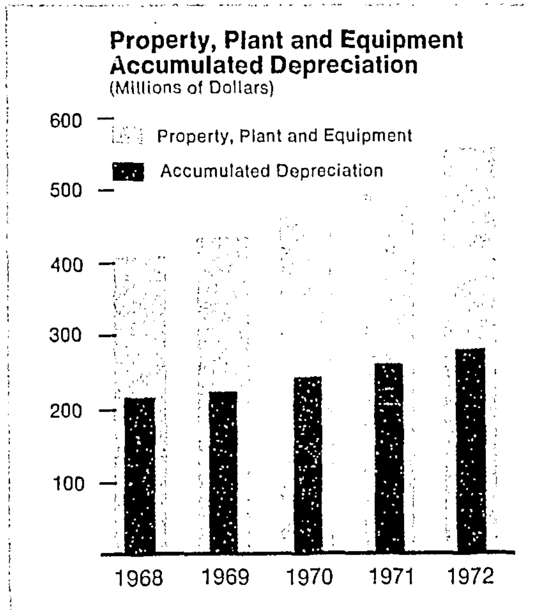

Net Sales
(Millions of Dollars)
Consolidated
International
1,250
1,000
750
500
250
1968
1969
1970
1971
1972


Income Before Income Taxes and Net Income
(Millions of Dollars)
Income Taxes
Net Income
120
100
80
60
40
20
1968
1969
1970
1971
1972


Earnings Per Common Share
(Dollars)
4.00
3.50
3.00
2.50
2.00
1.50
1.00
.50
1968
1969
1970
1971
1972


Dividends Per Common Share
(Dollars)
2.50
2.00
1.50
1.00
.50
1968
1969
1970
1971
1972


Cash Flow
(Millions of Dollars)
Depreciation and Other
Net Income
90
75
60
45
30
15
1968
1969
1970
1971
1972


Property, Plant and Equipment Accumulated Depreciation
(Millions of Dollars)
Property, Plant and Equipment
Accumulated Depreciation
600
500
400
300
200
100
1968
1969
1970
1971
1972

Debt-Equity Ratio declined slightly to 29 per cent from 31 per cent in 1971. This represents the ratio of long term debt to the total of long term debt and shareholders' equity. Nabisco regards this balance of debt and equity to be very sound, providing a desirable mix of long term capital financing for a growing multinational company.

Shareholders' Equity reached $340 million at the end of 1972, an increase of seven per cent over the $319 million at the end of 1971. Equity per common share increased to $22.54 from $21.17 last year. At year end, there were approximately 72,000 shareholders of record of Nabisco's common stock.

Return on Shareholders' Equity increased to 16.5 per cent from 16.1 per cent in 1971. This represents net income for the year divided by the average amount of shareholders' investment during the year.

Dividends on common stock declared in 1972 totaled $34 million. In October, 1972, the Board of Directors increased the quarterly dividend to 57½ cents, equivalent to an increase in the annual rate to $2.30 from $2.20 per share. 1972 marked the 74th year of uninterrupted quarterly dividends and the 12th year in which dividends have been increased out of the last 14.

Audit Committee

Nabisco is committed to a system of strong internal controls. The company has long had an active Audit Committee of the Board of Directors, consisting of three outside Directors. This Committee meets during the year with management and with the outside auditors to review audit activities, performed by our staff of internal auditors and the company's independent public accountants.

NET SALES BY QUARTERS
(Millions of Dollars)

Quarter Ended	**1972**	1971
March 31	**$ 276.4**	$ 252.1
June 30	**295.5**	255.0
September 30	**310.0**	275.0
December 31	**333.0**	288.3
	$1,214.9	$1,070.4

NET INCOME BY QUARTERS
(Millions of Dollars)

Quarter Ended	**1972**	1971
March 31	**$13.3**	$12.7
June 30	**12.3**	11.2
September 30	**11.9**	10.5
December 31	**16.9**	15.5
	$54.4	$49.9

NABISCO, INC.
and Consolidated Subsidiaries

Statement of Income and Retained Earnings

	1972	1971
Net Sales	**$1,214,934,000**	$1,070,364,000
Cost of sales	**779,910,000**	674,563,000
Selling, general and administrative expenses	**317,412,000**	285,089,000
	1,097,322,000	959,652,000
Income from Operations	**117,612,000**	110,712,000
Interest and miscellaneous income, net	**2,159,000**	4,218,000
Interest expense, principally on long-term debt	**(11,535,000)**	(9,728,000)
Income before Income Taxes	**108,236,000**	105,202,000
Income taxes (deferred: 1972, $1,283,000; 1971, $1,703,000)	**53,871,000**	55,310,000
Net Income	**54,365,000**	49,892,000
Retained Earnings, beginning of year	**243,969,000**	224,723,000
Common dividends declared, $2.225 per share in 1972; $2.20 per share in 1971	**(33,534,000)**	(30,380,000)
Dividends of The J. B. Williams Company, Inc. before acquisition	**—**	(266,000)
Retained Earnings, end of year	**$ 264,800,000**	$ 243,969,000
Net Income per share of common stock	**$3.60**	$3.31

(Financial statements should be read in conjunction with the statement of accounting policies on page 20 and notes to financial statements on pages 21 and 22.)

NABISCO, INC.
and Consolidated Subsidiaries

Balance Sheet

18

ASSETS

	December 31, 1972	December 31, 1971
Current Assets		
Cash	**$ 25,005,000**	$ 18,489,000
Short-term investments, at cost which approximates market	**16,543,000**	62,343,000
Accounts receivable	**116,951,000**	92,379,000
Inventories	**159,715,000**	129,928,000
Total current assets	**318,214,000**	303,139,000
Property, plant and equipment, net	**283,966,000**	240,187,000
Other assets	**23,975,000**	37,984,000
Excess of investment in consolidated subsidiaries over net assets	**65,153,000**	52,146,000
	$691,308,000	$633,456,000

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31, 1972	December 31, 1971
Current Liabilities		
Bank loans and other short-term debt	**$ 31,145,000**	$ 18,589,000
Accounts payable	**48,460,000**	37,805,000
Accrued liabilities	**55,832,000**	50,435,000
Common dividend payable	**8,670,000**	7,599,000
Income taxes	**14,588,000**	15,807,000
Total current liabilities	**158,695,000**	130,235,000
Long-term debt	**141,273,000**	142,118,000
Other liabilities	**19,151,000**	12,760,000
Deferred income taxes and investment credit	**24,312,000**	23,029,000
Minority interests in consolidated subsidiaries	**7,769,000**	6,136,000
Shareholders' Equity		
Capital stock, common—par value $5 Shares authorized 24,000,000, issued 15,134,428	**75,672,000**	75,421,000
Additional paid-in capital	**2,138,000**	—
Retained earnings	**264,800,000**	243,969,000
Treasury stock at cost	**(2,502,000)**	(212,000)
	340,108,000	319,178,000
	$691,308,000	$633,456,000

(Financial statements should be read in conjunction with the statement of accounting policies on page 20 and notes to financial statements on pages 21 and 22.)

NABISCO, INC.
and Consolidated Subsidiaries

Statement of Changes in Financial Position

Resources provided:	1972	1971
Net income	$ 54,365,000	$49,892,000
Depreciation	24,499,000	23,278,000
Deferred income taxes and investment credit	1,283,000	1,703,000
Working capital provided from operations	80,147,000	74,873,000
Net proceeds from sale of 7¾% sinking fund debentures	—	49,448,000
Increase in other long-term debt and liabilities	2,768,000	1,294,000
Disposal of property, plant and equipment, net	5,830,000	6,890,000
Capital stock and additional paid-in capital, net	99,000	1,223,000
Miscellaneous, net	4,815,000	6,844,000
Total resources provided	93,659,000	140,572,000
Resources applied:		
Dividends declared	33,534,000	30,646,000
Capital expenditures	58,411,000	34,448,000
Repurchases and current installment of debentures	2,730,000	2,477,000
Non-current assets and liabilities of companies acquired:		
Property, plant and equipment	15,697,000	14,173,000
Cost in excess of net tangible assets acquired	13,737,000	14,792,000
Other, net	(5,801,000)	(2,289,000)
Investment in previously unconsolidated affiliate	(11,264,000)	—
	12,369,000	26,676,000
Total resources applied	107,044,000	94,247,000
Increase (decrease) working capital	($13,385,000)	$46,325,000
Consisting of the following changes:		
Increase (decrease) in current assets:		
Cash and short-term investments	($39,284,000)	$20,733,000
Accounts receivable	24,572,000	22,444,000
Inventories	29,787,000	15,530,000
	15,075,000	58,707,000
Increase (decrease) in current liabilities:		
Bank loans and other short-term debt	12,556,000	(5,540,000)
Accounts payable and accrued liabilities	16,052,000	14,271,000
Common dividend payable	1,071,000	12,000
Income taxes	(1,219,000)	3,639,000
	28,460,000	12,382,000
Increase (decrease) working capital	($13,385,000)	$46,325,000

(Financial statements should be read in conjunction with the statement of accounting policies on page 20 and notes to financial statements on pages 21 and 22.)

NABISCO, INC.
and Consolidated Subsidiaries

Statement of Capital Stock and Additional Paid-in Capital

(Dollars in thousands)

	Capital Stock: Common Shares	Capital Stock: Common Amount	Capital Stock: Treasury Stock Shares	Capital Stock: Treasury Stock Amount	Additional Paid-in Capital
Balance, January 1, 1972	15,084,294	$75,421	(4,893)	($ 212)	$ —
Exercise of stock options	47,800	239	1,430	70	2,035
Issued in connection with incentive compensation plans	—	—	5,525	270	(3)
Issued upon conversion of debentures	2,334	12	—	—	106
Treasury stock acquired	—	—	(44,860)	(2,630)	—
Balance, December 31, 1972	15,134,428	$75,672	(42,798)	($2,502)	$2,138

(Financial statements should be read in conjunction with the statement of accounting policies on page 20 and notes to financial statements on pages 21 and 22.)

Statement of Accounting Policies

In its financial reports and presentations, Nabisco consistently employs those accounting practices and policies which it believes most realistically portray results of its operations. A brief digest follows:

Consolidation Policy—Nabisco consolidates all of its subsidiaries. The financial statements of certain foreign subsidiaries are included on a fiscal year basis, principally November 30, to facilitate prompt reporting of year-end consolidated results. For companies in which it has substantial interests, but owns 50 per cent or less, Nabisco records its share of the net results of these operations.

Business Combinations—The net assets and results of operations of those businesses, which are acquired in exchange for Nabisco common stock and qualify as poolings of interests, are included in the financial statements as if they had always been subsidiaries. Accordingly, prior years' published financial data are restated.

The net assets of those businesses acquired which are accounted for as a purchase are recorded at their fair values at the acquisition date and financial reports include their operations only from that date. The excess of acquisition cost over the fair value is included in the balance sheet as excess of investment in consolidated subsidiaries over net assets. That part of the excess which relates to acquisitions made in 1971 or thereafter is being reduced by annual charges against income over a 40-year period in accordance with generally accepted accounting principles effective at the beginning of that year. The excess which relates to acquisitions initiated prior to 1971 is not being amortized because its value in relationship to values associated with operations has not diminished.

Inventories, generally, are stated at the lower of average cost or market.

Investment Credit—Nabisco generally recognizes the U.S. investment credit earned on capital additions by reducing income-tax expense over the estimated useful lives of the related assets.

Depreciation—For financial reporting purposes, the company and its subsidiaries generally provide depreciation on buildings, machinery and equipment on a straight-line basis. Accelerated depreciation methods are generally used for tax purposes. Deferred income taxes are provided on the excess of tax depreciation over book depreciation.

Maintenance and Repairs are expensed in the year in which they are incurred. Expenditures which result in the enhancement of the value of the facilities involved are treated as additions to plant and equipment.

Research and Development costs are charged against earnings in the year in which they are incurred.

Foreign Exchange Rates—Nabisco employs appropriate current rates of excnange in translating international net assets, except for property, plant and equipment and certain other assets, which are translated at historical rates. In translating international sales, costs and net income in its Statement of Income and Retained Earnings, Nabisco uses

applicable rates of exchange in effect during the period in which the transactions occurred, except for depreciation which is translated at historical rates.

Net Income Per Share is based on the weighted average number of shares outstanding during the periods presented after giving effect to the potential dilutive effect of the exercise of stock options.

Notes to Financial Statements

Acquisitions During 1972, the Company, under a prior agreement, increased its equity position in B. Sprengel & Co., West Germany to a substantial majority. The Company also acquired a controlling interest in Pyott Ltd., South Africa, and an additional interest in Yamazaki-Nabisco Ltd., Japan, thereby raising its investment to 50 per cent in this joint venture. Nabisco paid $14.7 million in cash for these investments.

In 1971, Nabisco acquired Aurora Products Corp., New York, Sweetacres Ltd., New Zealand, and Dr. H. Theile, GmbH, West Germany. All of these acquisitions in both years have been accounted for by the purchase method.

Consolidated net sales, net income and earnings per share would have been $1,233,476,000, $54,904,000, and $3.63 respectively in 1972 and $1,130,990,000, $48,010,000 and $3.18 per share respectively in 1971 had these acquisitions been consummated at the beginning of 1971.

Other Assets consist of prepaid expenses and deferred charges, investments in and advances to unconsolidated affiliates and others.

Property, Plant and Equipment are stated at cost and comprise:

	December 31, 1972	December 31, 1971
Land	**$ 15,347,000**	$ 13,094,000
Buildings	**175,824,000**	147,764,000
Machinery and Equipment	**371,780,000**	333,886,000
	562,951,000	494,744,000
Less accumulated depreciation	**278,985,000**	254,557,000
	$283,966,000	$240,187,000

Depreciation of plant and equipment totaled $24,499,000 in 1972 and $23,278,000 in 1971.

Long-Term Debt comprises:

	December 31, 1972	December 31, 1971
6½% Guaranteed Debentures due October 1, 1982	**$ 14,000,000**	$ 15,500,000
4¾% Subordinated Debentures due April 1, 1987	**30,083,000**	31,195,000
5¼% Guaranteed Convertible Debentures due March 1, 1988	**28,288,000**	28,406,000
7¾% Sinking Fund Debentures due May 1, 2001	**50,000,000**	50,000,000
Other Long-Term Debt	**18,902,000**	17,017,000
	$141,273,000	$142,118,000

The 6½ per cent Guaranteed Debentures, issued by Nabisco International Finance Company, are subject to redemption through a sinking fund, which began in 1970 at an annual rate of $1,500,000. All or any part of these debentures may be redeemed at that company's option at prices decreasing gradually from 103 per cent of the principal amount to 100 per cent in 1979 and thereafter.

The 4¾ per cent Subordinated Debentures are presently redeemable at the company's option at prices decreasing gradually from 104 per cent of the principal amount to 100 per cent in April 1985 and thereafter.

During the year, $118,000 principal amount of the 5¼ per cent Guaranteed Convertible Debentures was converted into 2,334 shares of Nabisco's common stock. The remaining amount outstanding is convertible at $50.50 per share into 560,158 shares of common stock and will be subject to redemption through a sinking fund beginning in 1979. All or any part of these debentures may be redeemed at Nabisco International Finance Company's option beginning in 1973 at prices decreasing gradually from 104¾ per cent of the principal amount to 100 per cent in 1987 and thereafter.

The 7¾ per cent Sinking Fund Debentures were issued by Nabisco, Inc. in May 1971 and are subject to redemption through a sinking fund beginning in May 1982 at a minimum annual rate of $2,500,000 or up to $5,000,000 at Nabisco's option. All or any part of these debentures may be redeemed at the company's option, beginning in 1981 at prices decreasing gradually from 104.65 per cent of the principal amount to 100 per cent in 1996.

Other long-term debt, maturing between 1974 and 1989, consists principally of overseas bank financing and other debt incurred by subsidiaries. Included in Bank Loans and Other Short-Term Debt are $2,167,000 of debentures and other long-term debt maturing within one-year.

Other Liabilities consist of the deferred portion of amounts provided for management incentive awards and certain pension accruals.

Retirement Plans The Company has a voluntary non-contributory pension plan, which has been approved by the shareholders, for employees not covered by union-industry pension plans. Certain subsidiaries have similar plans. The related pension expense is comprised of a provision for current service costs and amortization of unfunded prior-service liabilities. Annually, the company pays to independent trustees amounts sufficient to assure successful operation of its pension plans on an actuarial basis. In addition, the union-industry pension plans require contributions as defined in the union agreements. Total pension costs amounted to $15,451,000 in 1972 and $13,211,000 in 1971.

Income Taxes The decrease in income tax expense in 1972 is attributable primarily to improved results of operations in certain international areas, where income tax expense in relationship to income before taxes is lower than the United States. Reductions in tax rates and increased investment allowances, relating to certain international operations, also contributed to lower required tax provisions in 1972.

U.S. income and foreign withholding taxes are provided currently on foreign subsidiaries' net earnings which are expected to be distributed to the parent company. Over the years, the Company has invested approximately $15,000,000 of subsidiaries' retained earnings to meet their operating needs and accordingly is not required to provide taxes on these amounts.

Stock Option Plans The shareholders have approved stock option plans for officers and key employees of the company, which provide for the issuance of no more than 500,000 shares of the company's common stock at not less than 100 per cent of the quoted market price on the date the options are granted.

On January 1, 1972, there were options outstanding to purchase 188,790 shares. Options for the purchase of 48,970 shares at $57.06 per share were granted in 1972. Options for the purchase of 49,230 shares were exercised in 1972. Options for 4,370 shares expired or were cancelled during 1972, with the result that at December 31, 1972 there were options outstanding to purchase 184,160 shares at prices ranging from $43.75 to $57.06. Options covering 132,980 shares were exercisable at December 31, 1972.

Consolidated International Operations are included in the financial statements for 1972 at the following U.S. dollar amounts: working capital, $31,997,000; net plant assets, $128,615,000; net sales, $351,765,000 and net income after minority interests, $9,433,000. The comparable amounts for 1971 were working capital, $29,448,000; net plant assets, $101,390,000; net sales, $267,801,000 and net income after minority interests, $4,410,000.

Commitments, principally for new facilities in Richmond, Va. and Paris, France, approximated $50 million at year end.

In addition, annual rentals on properties used by the company under leases expiring from 1976 to 2003 aggregate approximately $6.8 million.

Reclassification Certain 1971 amounts, related to deferred income taxes, have been reclassified.

REPORT OF AUDITORS

To the Shareholders of Nabisco, Inc.:

We have examined the consolidated balance sheet of Nabisco, Inc. and its subsidiaries as of December 31, 1972, and the related consolidated statements of income and retained earnings, capital stock and additional paid-in capital, and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the consolidated financial statements for the year 1971. The 1971 financial statements of certain subsidiaries which reflect net sales and total assets constituting 15% of the respective consolidated totals in that year were examined by other auditors and our opinion expressed herein is based, in part, upon such reports.

In our opinion, based upon our examinations and in 1971 the reports of other auditors referred to above, the aforementioned financial statements present fairly the consolidated financial position of Nabisco, Inc. and its subsidiaries at December 31, 1972 and 1971, and the consolidated results of their operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

LYBRAND, ROSS BROS. & MONTGOMERY
1251 Avenue of the Americas
New York, N.Y. 10020

February 2, 1973

NABISCO, INC.
and Consolidated Subsidiaries

Five Year Financial Summary

Dollars in Millions (except per share figures)

	1972	1971	1970	1969	1968
Net sales	**$1,214.9**	$1,070.4	$944.1	$807.2	$846.7
Income before income taxes	**108.2**	105.2	91.0	70.6	98.4
Income taxes	**53.8**	55.3	47.6	38.9	52.3
Net income	**54.4**	49.9	43.4	31.7	46.1
Net income per common share	**3.60**	3.31	2.89	2.14	3.12
Dividends declared					
Common stock	**33.5**	30.4	30.2	29.9	28.5
Per common share	**2.225**	2.20	2.20	2.20	2.10
Current assets	**318.2**	303.1	244.4	239.7	252.6
Current liabilities	**158.7**	130.2	117.8	107.2	107.5
Working capital	**159.5**	172.9	126.6	132.5	145.1
Plant and equipment, net	**284.0**	240.2	221.7	209.2	195.2
Capital expenditures	**58.4**	34.4	24.1	39.4	38.8
Cost of employees' services	**383.6**	337.4	299.7	257.9	254.8
Provision for all taxes (except social security)	**65.4**	65.7	56.1	46.7	60.4
Book value of common stock	**340.1**	319.2	298.7	282.2	282.0
Book value per common share	**22.54**	21.17	19.85	19.02	19.00

Prior years' amounts related to "current liabilities" and "provision for all taxes" have been restated.

PRINCIPAL UNITED STATES PLANTS

BISCUIT DIVISION

Atlanta, Georgia (Cookies, crackers)
Buena Park, California (Cookies, crackers, snack foods)
Chicago, Illinois (Cookies, crackers, pretzels, toaster pastries)
Dayton, Ohio (Cones)
Denver, Colorado (Cookies, crackers)
Fair Lawn, New Jersey (Cookies, crackers)
Houston, Texas (Cookies, crackers)
Philadelphia, Pennsylvania (Cookies, crackers)
Pittsburgh, Pennsylvania (Cookies, crackers, snack foods)
Portland, Oregon (Cookies, crackers, cones)
St. Louis, Missouri (Crackers)
Wrightstown, Wisconsin (Cheese spreads)
York, Pennsylvania (Pretzels)

SPECIAL PRODUCTS DIVISION

Buffalo, New York (Pet foods)
Minneapolis, Minnesota (Cereals)
Naperville, Illinois (Cereals, cake mixes)
Niagara Falls, New York (Cereals)
Oakland, California (Cereals)
Woodbury, Georgia (Pimientos, dates, steamed breads, peanuts)

CONFECTIONERY DIVISION

Cambridge, Massachusetts (Candy)
Danville, Illinois (Candy)
Los Angeles, California (Candy)
Mansfield, Massachusetts (Chocolate, candy)

THE J. B. WILLIAMS COMPANY, INC.

Cranford, New Jersey (Pharmaceuticals, toiletries)

AURORA PRODUCTS CORP.

Downey, California (Hobby motors)
Sag Harbor, New York (Motors)
West Hempstead, New York (Model Motoring, games)

FREEZER QUEEN FOODS, INC.

Buffalo, New York (Frozen foods)

MISCELLANEOUS PLANTS

Beacon, New York (Printing plant)
Carthage, Missouri (Flour mill)
Cheney, Washington (Flour mill)
Evanston, Illinois (Machine shop)
Fair Lawn, New Jersey (Research and development)
Marseilles, Illinois (Paperboard and printing plant)
Toledo, Ohio (Flour mill)

INTERNATIONAL OPERATIONS

ARGENTINA

J. B. Williams de Argentina Farmaceuticos Y Cosmeticos, S.A.

AUSTRALIA

Nabisco Pty. Limited

BRAZIL

J. B. Williams Medicamentos E. Cosmeticos Ltda.

CANADA

Christie, Brown & Company, Limited
Nabisco Limited:
Christie's Bread Division
Nabisco Foods Division
Reid Milling Limited
Aurora Plastics of Canada Ltd.
The J. B. Williams (Canada) Co.

COLOMBIA

Landers, Mora & Compania, Ltda.

DENMARK

Oxford Biscuit Factory Ltd.
Lamco A/S

ENGLAND

Nabisco Limited:
Nabisco Foods Division
Nabisco Frears Biscuits Division

FRANCE

Biscuits Belin, S.A.
J. B. Williams Co. (France), S.A.

GERMANY

B. Sprengel & Co.
XOX-Nabisco GmbH
Dr. H. Theile GmbH

GUATEMALA

J. B. Williams & Compañia (Guatemala) Ltda.

HONG KONG

Johnson Electric Industrial Mfty. Ltd.

ITALY

Saiwa, S.p.A.

JAPAN

Yamazaki-Nabisco Co., Ltd.

MEXICO

Nabisco-Famosa, S.A.
J. B. Williams S.A. de C.V.

NEW ZEALAND

Griffin & Sons Limited

NICARAGUA

Industrias Nabisco Cristal, S.A.

PUERTO RICO

Arbona Hermanos Division
Toa Baja Sales Branch

SPAIN

Galletas Artiach, S.A.

VENEZUELA

Nabisco-LaFavorita, C.A.

TRANSFER AGENTS

Morgan Guaranty Trust Company,
30 West Broadway, New York, N.Y. 10015

Continental Illinois National Bank and Trust Company of Chicago,
231 South LaSalle Street, Chicago, Ill. 60690

Crocker National Bank,
1 Montgomery Street, San Francisco, Calif. 94120

REGISTRARS

First National City Bank,
55 Wall Street, New York, N.Y. 10015

The First National Bank of Chicago,
38 South Dearborn Street, Chicago, Ill. 60690

Bank of America,
1 South Van Ness Avenue, San Francisco, Calif. 94120

DEBENTURES TRUSTEES

Bankers Trust Company,
16 Wall Street, New York, N.Y. 10015

Morgan Guaranty Trust Company,
23 Wall Street, New York, N.Y. 10015